

Statement of

Ross B. Capon

Executive Director

National Association of Railroad Passengers

Before the

Subcommittee on Railroads

The Honorable Steven C. LaTourette, Chairman

Committee on Transportation and Infrastructure, U.S. House of Representatives

* * *

June 9, 2005

* * *

The National Association of Railroad Passengers appreciates the opportunity to express our views on an important part of our intercity passenger rail service.

How Much Service

On short-distance trains, snack bar service should be provided except where demand has been proven not to exist. "Proof" should include use of creative, "thinking-outside-the-box" methods to encourage sales.

On long-distance trains, both snack bars and dining cars generally are necessary, the latter because a large part of the clientele will not tolerate long trips relying exclusively on limited-menu snack bars, the former because many coach passengers cannot afford or do not want full meals, and there is demand for sales when dining cars usually are closed.

In general, sales are made to a mix of people for whom the food is essential and people who are responding to promotional efforts, if they are made.

Private railroads before Amtrak did not make money on food service and did not expect to. They considered the food business as a sort of loss leader, understanding that lack of food service would result in a net worsening of the service's economics due to reduced ticket sales.

Hours of Service

Hours of service is a key issue both for dining cars and snack bars, that is, food should be available as much of the time as possible. Snack bars should be open upon departure from the train's originating point, and stay open to as near the end of the trip as possible. Since most snack bars are staffed by one individual, his or her meal breaks should not occur in the midst of high-demand meal times. Staff meal breaks should be announced in advance, so that someone who was planning a purchase in 10 or 15 minutes can come right away. And there should be an announcement when the service reopens after a staff break.

On dining cars, Amtrak needs to find a way to convey to all of its crews the methods that work for its best crews. Key problems involve:

- (a) Hours of service, particularly whether breakfast lasts long enough for people who want to sleep late;
- (b) Widely spaced dinner meal times which can leave the diner empty at what might otherwise be peak meal times, rather than a rolling series of meal times every 30 or 40 minutes (partial turnover of the tables);
- (c) Overuse of the p.a. system starting shortly after 7 AM;
- (d) The gap, usually about 30 minutes, between "last call" and "diner is closed" announcements. To the uninitiated, "last call" means "come now if you want to eat," which seems to be the intent of the announcement. Regular riders know that they can wait up to about 30 minutes and still be served—so long as they beat that "diner is closed" announcement.

Food Quality

On food quality, Amtrak generally gets good marks. We have come a long way since the late Rep. Silvio O. Conte (R-MA) in 1982 told an Amtrak witness, "I bought one of your ham-and-eggs, dropped it, and smashed my toe."

Cost-Effectiveness

The importance of food service in spite of unprofitability when viewed in isolation was lost on Congress in 1981 when the Amtrak Improvement Act of 1981 [also known as Subtitle F of Title XI of the Omnibus Budget Reconciliation Act of 1981 (Public Law 97-35, enacted August 13, 1981)] said Amtrak "shall implement policies which will eliminate the deficit in its on-board food and beverage operations no later than Sept. 30k 1982. Beginning Oct. 1, 1982, food and beverage services shall be provided on-board Amtrak trains only if the revenues from such service are equal to or greater than the total costs of such services as computed on an annual basis."

This initially led to a downgrading in service, then to Amtrak setting up an accounting method to reflect the imputed ticket value of food service, and finally, as I recall, to Congress either formally repealing the mandate on the grounds that it was micromanaging, or allowing Amtrak to credit a certain proportion of ticket revenues to the food service. Clearly, trips other than the shortest trips need food service to be viable.

Today, sleeping car fares include meals (except alcoholic beverages), and Amtrak reflects this with an accounting category “First Class Meals Included in Rail Fare” (or “First Class Transfer”) which subtracts from ticket sales the amount that Amtrak would have collected from First Class passengers for their food if they had paid what coach passengers are required to pay. The only cash collected in dining cars is sale of alcohol to First Class (sleeping car) passengers, and all sales to coach passengers.

For a long time, there appeared to be laxness in identifying and requiring appropriate payments from coach passengers. As our newsletter reported in January, 2003, however, one aspect of Gunn’s “tightened financial controls is the now-consistent, dining-car requirement that sleeping-car passengers sign their names and room numbers [on their meal checks]...Reinstitution of the signature process—and an audit (comparing dining car checks with passenger manifests)—aims to determine more accurately food/beverage revenues and costs and to help eliminate abuse.”

A few years ago, Amtrak dramatically increased the meal prices for coach passengers. This has led to anecdotal evidence of a reduction in coach passenger use of the diners, and criticism from some of our members that the higher food charges actually worsened the bottom line due to lower overall sales.

Part of the issue is said to be high costs at the commissaries, which Amtrak has outsourced to GateGourmet (formerly Dobbs) since 1999. Obviously the purpose of contracting out is to achieve greater efficiency, but that is not an automatic result.

It is our hope that Amtrak will testify to efforts to improve the economics of all aspects of its food service, with an emphasis on implementing best practices already existing on the system (and on VIA Rail Canada), and—to the greatest extent possible—on maintaining and improving service. At the individual employee level, one of the “best practices” is the dining car lead service attendant helping the waiters at crucial times.

Some of the California corridors have been innovative in promoting food sales, through various means, including window stickers and other signage, digital message boards, and—as one NARP board members put it—“very nice, informative, sometimes humorous announcements.”

One method of encouraging good recordkeeping is, where point of sale machines are used (again in California), each roll of receipt paper has two red stars, and when a passenger gets a ‘red star,’ the purchase is free. As a result, most passengers ask for the receipts, and the sale is always recorded. Point-of-sale machines are soon to make their appearance on the Cascades (Pacific Northwest) service.

Service Reductions

We take note of the June 1 elimination of hot meals in Metroliner First Class, and the planned July 1 elimination of all food service on Empire Corridor trains whose entire run is New York-Albany.

Our first reaction to the former is that, especially at dinner time, many passengers are going to think twice now before buying First Class. Amtrak's motivation is a significant cut in labor costs by going from two attendants to one. We assume Amtrak is watching the impact on revenues closely, and understand that they are working on an improved menu to succeed the "interim" one that began June 1.

As for the Albany run, we have heard comments about snack bars that open late and close early, and a complete lack of promotional efforts such as one observes in California. Even if passenger revenues do not take a hit, the fact remains that Amtrak has reduced convenience, especially for people whose medical conditions require them to eat at relatively frequent intervals. If Amtrak can improve overall food operations, we urge a relook at these trains.

Positive Innovations

The system needs to do a better job of giving employees incentives to sell. One possibility might be to allow employees to choose a method of compensation that gives them a financial stake in increasing sales. The right incentives could go a long way towards addressing problems of snack bars being closed when they should be open.

Our people also have asked about having an outside vendor provide food on short distance trains, whether McDonald's or a more upscale provider. The Downeaster (Portland, Maine—Boston) has had an outside vendor since it began in 2001. For the rest of the system, the obvious first step would be to give existing employees the opportunity to work with the improved incentives we believe can be designed.

On some European trains, trolleys go down the aisle selling food. This has advantages and disadvantages, but is certainly worth considering where the alternative is no food service at all.